

Message Text

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ACTION ERDA-07

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CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 PA-02 PRS-01

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R 251352Z FEB 76

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 3408

INFO AMEMBASSY BRASILIA

UNCLAS SECTION 1 OF 2 RIO DE JANEIRO 0837

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TAGS: TECH, BR

SUBJ: BACKGROUND INFORMATION ON BRAZILIAN ENERGY PROGRAMS

REF.: (A) STATE 301432

(B) RIO DE JANEIRO 247

I. STATEMENT OF GOVERNMENT STRUCTURE.

1. NATIONAL ECONOMIC COUNCIL (CONSELHO NACIONAL ECONOMICO), CHAIRED BY THE PRESIDENT OF THE REPUBLIC AND INCLUDING THE MINISTERS OF MINES AND ENERGY, PLANNING AND FINANCE AS MEMBERS, REPRESENTS THE HIGHEST LEVEL BRAZILIAN GOVERNMENT POLICYMAKING BODY HAVING RESPONSIBILITY OVER ENERGY. MINISTRY OF MINES AND ENERGY (MME) REPRESENTS NEXT HIGHEST LEVEL OF GOVERNMENT RESPONSIBILITY, WITH INPUTS FROM PLANNING SECRETARIAT SEPLAN, WHICH HAS MINISTERIAL LEVEL RANK). WITHIN MME, MAIN POLICY FORMULATING BODIES ARE: 1) THE NATIONAL DEPARTMENT OF WATERS AND ELECTRIC ENERGY (DEPARTAMENTO NACIONAL DE AGUAS E ENERGIA ELETRICA) FOR ELECTRICITY; 2) NATIONAL PETROLEUM COUNCIL (CONSELHO NACIONAL DE PETROLEO) FOR PETROLEUM AND COAL. ABOVE

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ORGANIZATIONS DETERMINE RATES AND SET PRODUCTION GOALS. ALSO

WITHIN MME STRUCTURE ARE LARGE HOLDING COMPANIES WHICH IN TURN CONTROL OPERATING COMPANIES IN ENERGY FIELDS. THESE ARE ELECTROBRAS (HYDRO AND THERMAL ELECTRICITY); NUCLEBRAS (NUCLEAR ENERGY) AND PETROBRAS (PETROLEUM), PLANNING AND R & D ACTIVITIES COME MAINLY UNDER THE AEGIS OF HOLDING COMPANIES. FOR ELECTROBRAS PRINCIPAL R & D ACTIVITIES ARE PERFORMED BY THE ELECTRICAL ENERGY RESEARCH CENTER (CENTRO DE PESQUISAS DE ENERGIA ELECTRICA - CEPEL), WHICH IS CONCERNED MAINLY WITH HYDRO-ELECTRIC DEVELOPMENTS AND HIGH VOLTAGE TRANSMISSION. PETROBRAS MAINTAINS ITS OWN RESEARCH FACILITIES.

2. SEPLAN HAS THE RESPONSIBILITY FOR PREPARING THE NATIONAL DEVELOPMENT PLAN (PND I & II), INCLUDING THE ENERGY SECTOR, AND COORDINATING THE INPUTS OF OTHER MINISTRIES. THE NATIONAL COUNCIL FOR SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT (SEPLAN/CNPQ) HAS THE RESPONSIBILITY FOR PREPARING THE S/T DEVELOPMENT ANNEX TO THE PND, INCLUDING ENERGY R & D. SEPLAN ALSO USES ITS FUNDING AGENCY FOR STUDIES AND PROJECTS (SEPLAN/FINEP) TO CONDUCT STUDIES OF ENERGY ALTERNATIVES AND ENERGY TECHNOLOGY AND TO INITIATE R & D PROJECTS IN THE ENERGY FIELD. THE NATIONAL NUCLEAR ENERGY COMMISSION OF THE MINISTRY OF MINES AND ENERGY (MME/CNEN) IS RESPONSIBLE FOR NUCLEAR POWER PLANT LICENSING AND, IN THIS SENSE, ANALOGOUS TO THE U.S. NUCLEAR REGULATORY COMMISSION. THE MME/CNEN ALSO HELPS FORM NUCLEAR POWER POLICY BUT DEVELOPMENT AND IMPLEMENTATION ARE THE RESPONSIBILITY OF NUCLEBRAS. THE FEDERAL NUCLEAR S/T LABORATORIES (INSTITUTE OF NUCLEAR ENGINEERING, RIO; INSTITUTE OF RADIOACTIVE RESEARCH, BELO HORIZONTE; AND THE INSTITUTE FOR RADIOPROTECTION AND DOSIMETRY) ARE NOW ATTACHED TO NUCLEBRAS, WHICH ALSO RECEIVES IMPORTANT SUPPORT THROUGH ARRANGEMENTS WITH THE INSTITUTE OF ATOMIC ENERGY OF THE STATE OF SAO PAULO. THE EXACT ROLE THESE LABORATORIES WILL PLAY, EXCEPT FOR TRAINING, IN THE DEVELOPMENT OF A NATIONAL NUCLEAR INDUSTRY AND FUEL CYCLE CAPABILITY HAS NOT YET BEEN DETERMINED. THEY MAY WELL ALL RETURN TO THE CNEN AFTER NUCLEBRAS HAS CREATED ITS TECHNOLOGY DEVELOPMENT CENTER.

ENERGY POLICY:

I. OBJECTIVES.

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BRAZIL'S ENERGY POLICY HAS AS ITS OVERALL OBJECTIVE THE NEED TO REDUCE DEPENDENCE ON IMPORTED PETROLEUM WHICH ACCOUNTS FOR NEARLY EIGHTY PERCENT OF BRAZIL'S OIL NEEDS. FORTY-EIGHT PERCENT OF ALL ENERGY CONSUMED IN BRAZIL IS DERIVED FROM PETROLEUM OR NATURAL GAS (LATTER ACCOUNTS FOR MINIMAL PORTION). THE REMAINDER IS DIVIDED BETWEEN COAL (THREE PERCENT) HYDRO-ELECTRIC ENERGY (TWENTY-FOUR PERCENT) AND WOOD AND

OTHER VEGETABLE ORGANIC MATTER, I.E., SUGAR CANE BAGASSE, ETC.
TO REDUCE THE DEPENDENCE ON PETROLEUM, BRAZIL IS SEEKING TO:
1) REDUCE DEPENDENCE ON EXTERNAL SOURCES THROUGH A) INCREASED
PETROLEUM PROSPECTING, INCLUDING THE DECISION TO OFFER RISK
CONTRACTS FOR FOREIGN FIRMS TO OPERATE IN BRAZIL; B) DEVELOP
ITS SHALE OIL; C) DEVELOP ANHYDROUS ALCOHOL DERIVED FROM
SUGAR
CANE, MANIOC, BABASSU PLAM AND/OR SWEET POTATOES AS
ADDITIVES FOR GASOLINE; AND 2) DIVERSIFY ENERGY SOURCES AS
SUBSTITUTES FOR PETROLEUM. AMONG THESE SOURCES ARE A) ACCELERATED
DEVELOPMENT OF HYDRO-ELECTRIC PROGRAMS; B) MAJOR ENERGY
CONTRIBUTION FROM NUCLEAR POWER; C) INCREASED USE OF COAL
IN THERMAL PLANTS AND DEVELOPMENT OF COAL FOR GASIFICATION
APPLICATIONS; D) ELECTRIFICATION OF RAILWAYS. ADDITIONALLY,
BRAZIL'S TRANSPORT POLICY ENVISAGES GREATER USE OF RAILROADS,
WATERWAYS AND CABOTAGE TO BALANCE THE PRESENT SKEWED TRANSPORTATION
NET (74 PERCENT OF CARGO NOW MOVES BY TRUCK) AND GREATER RELIANCE
ON MASS TRANSPORTATION IN LARGE CITIES TO SUBSTITUTE FOR THE
USE OF PRIVATE VEHICLES. THE USE OF THE PRICE MECHANISM TO CUT
CONSUMPTION OF GASOLINE CAN ALSO BE VIEWED AS ACHIEVING THE ABOVE
POLICY OBJECTIVES.

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R 251352Z FEB 76

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 3409

INFO AMEMBASSY BRASILIA

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A. THERE HAS BEEN NO CLEAR INDICATION AS TO THE DESIRED DEGREE OF ENERGY SELF-SUFFICIENCY NOR HAVE GOALS BEEN ESTABLISHED TO THAT END.

B. COVERED IN REFTEL B.

C. GOVERNMENT LABORATORIES HAVE DEVOTED MOST OF THEIR RESEARCH TO HYDRO-ELECTRIC AND HIGH VOLTAGE TRANSMISSION IN THE CASE OF CEPTEL AND, TO A MUCH LESSER DEGREE, TO UTILIZATION OF SOLAR ENERGY AND HYDROGEN. IN ADDITION TO PURELY GOVERNMENT LABS SUCH AS CEPTEL, STATE-SUPPORTED UNIVERSITIES ALSO UNDERTAKE ENERGY RESEARCH PROJECTS.

(A) NUCLEAR POWER - 100 PERCENT OF PRESENT DEVELOPMENT IS BEING CARRIED OUT IN GOVERNMENT LABORATORIES. THE DEVELOPMENT TO BE ATTAINED THROUGH SUBSIDIARY COMPANIES TO BE ESTABLISHED BY NUCLEBRAS, SOME JOINT VENTURES WITH FRG ENTITIES AND OTHER WITH THE BRAZILIAN PRIVATE SECTOR.

(B) HYDROELECTRIC AND HIGH VOLTAGE TRANSMISSION -

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R & D IS ALSO CARRIED OUT BY GOVERNMENT LABORATORIES, EITHER THROUGH GOVERNMENT-OWNED ENTITIES SUCH AS CEPEL, OR THROUGH STATE UNIVERSITIES.

(C) OTHER (PETROLEUM, HYDROGEN, SOLAR, ETC.)

PETROLEUM R & D, INCLUDING SHALE OIL, IS THE RESPONSIBILITY OF PETROBRAS WHICH MAY HAVE LINKS WITH UNIVERSITIES FOR VARIOUS COMPONENTS. THERE IS VERY LITTLE R & D FOR OTHER ENERGY SOURCES. THE LITTLE THAT IS BEING CARRIED OUT COMES UNDER GOVERNMENT LABORATORIES.

D. JOINT GOVERNMENT INDUSTRY ACTIVITIES.

AS NOTED PREVIOUSLY, THE ENERGY STRUCTURE IN BRAZIL IS A NEAR GOVERNMENT MONOPOLY WITH GOVERNMENT AGENCIES AND/OR CORPORATIONS RESPONSIBLE FOR PRODUCTION AND CONTROL. CONSEQUENTLY, THERE IS VERY LITTLE JOINT GOVERNMENT-INDUSTRY ACTIVITIES IN THAT INDUSTRY BEARS NO RESPONSIBILITY IN THIS REGARD.

E. BASIC LEGISLATION.

WE ARE POUCHING TO DEPARTMENT TEXTS OF BASIC LAWS OBTAINED FROM GOVERNMENT SOURCES.

II. R & D ACTIVITIES

A. R & D IN SUCH AREAS AS PETROLEUM (INCLUDING OIL SHALE), COAL HYDRO-POWER, POWER TRANSMISSION, AND NUCLEAR POWER IS WELL ESTABLISHED. NUCLEAR POWER WILL GROW DRAMATICALLY BUT ON THE BASIS OF ABSORPTION OF TECHNOLOGY TRANSFERRED FROM THE FRG UNDER THE 1975 NUCLEAR AGREEMENT RATHER THAN INDIGENOUS DEVELOPMENT. A SIGNIFICANT INCREASE IN COAL AND ALCOHOL R & D IS EXPECTED. R & D IN OTHER ALTERNATIVE ENERGY SOURCE AREAS (SUCH AS SOLAR, GEOTHERMAL, HYDROGEN, ETC.) IS NOT YET ESTABLISHED FIRMLY BUT STUDIES, EVALUATIONS, AND PLANNING ARE IN PROGRESS.

B. COVERED IN REFTEL B.

INTERNATIONAL ACTIVITIES
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BRAZIL IS A MEMBER OF THE WORLD ENERGY CONFERENCE, THE INTERNATIONAL ELECTRO-TECHNICAL COMMITTEE, THE INTERNATIONAL CONFERENCE ON LARGE HIGH VOLTAGE ELECTRIC SYSTEMS AND THE WORLD ASSOCIATION OF INDUSTRIALIZED TECHNICAL RESEARCH ORGANIZATIONS. WE CANNOT ASSESS THE DEGREE OF INVOLVEMENT EXCEPT TO SAY THAT BRAZIL APPEARS TO BE AN ACTIVE MEMBER. BRAZIL IS AN ACTIVE MEMBER OF THE IAEA, WITH CNEN BEING MAINLY RESPONSIBLE FOR REPRESENTATION.

II. LIST OF INTERNATIONAL AGREEMENTS.

ELECTROBRAS HAS INSTITUTED AGREEMENTS FOR EXCHANGE OF INFORMATION, PERSONNEL TRAINING AND TECHNICAL COOPERATION WITH ITALY (ENEA), FRANCE (ELECTRICITE DE FRANCE), ENGLAND (OVERSEAS CONSULTANCY SERVICES) AND CANADA (INSTITUTE OF RESEARCH IN HYDRO-QUEBEC). ELECTRO-NORTE, A ELECTROBRAS SUBSIDIARY HAS A SIMILAR AGREEMENT WITH THE CANADIAN INTERNATIONAL DEVELOPMENT AGENCY. THESE AGREEMENTS APPEAR TO BE ACTIVELY PURSUED ALTHOUGH AT A LOW KEY. BRAZIL HAS A LARGE NUMBER OF AGREEMENTS FOR COOPERATION IN NUCLEAR ENERGY OF WHICH AT LEAST THE GERMAN, FRENCH, AND U.S. AGREEMENTS ARE ACTIVE AND IMPORTANT.
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